



ELBERT COUNTY, COLORADO

FINANCIAL STATEMENTS
December 31, 2003



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BONDI & Co. LLC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

44 INVERNESS DRIVE EAST
ENGLEWOOD, COLORADO 80112

www.bondico.com

(303) 799-6826 PHONE
(800) 250-9083 TOLL-FREE

(303) 799-6926 FAX

**Board of County Commissioners
Elbert County, Colorado**

Independent Auditors' Report

We have audited the accompanying basic financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, of Elbert County, Colorado, as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Elbert County, Colorado's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the Emergency Telephone Service Authority (Authority) as of and for the year ended December 31, 2003. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to amounts included for the Authority, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the basic financial statements, Elbert County, Colorado, adopted Governmental Accounting Standards Board Statement No. 34, 37 and 38 and Interpretation 6 as of and for the year ended December 31, 2003.



**Board of County Commissioners
Elbert County, Colorado**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Elbert County, Colorado, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2004 on our consideration of Elbert County, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the budgetary comparison information on pages i through vii and 32 through 37 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and, accordingly, we do not express an opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual nonmajor fund financial statements, the Local Highway Finance Report, and the schedule of federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* and are not a required part of the basic financial statements of Elbert County, Colorado. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 25, 2004


BONDI & Co. LLC

ELBERT COUNTY, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Elbert County (the County), the Board of County Commissioners offers readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2003.

Financial Highlights

- Assets exceeded liabilities by \$6,221,339 (*net assets*) at the close of the fiscal year. Of this amount, \$610,103 in *unrestricted net assets* is available to meet ongoing and future obligations of the County.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$3,030,496.
- Total net assets increased by \$100,317.
- Total cash and investments decreased by \$317,930 as compared to the prior year.
- Property tax revenue decreased by \$272,802 as compared to the prior year.
- General fund expenditures decreased by \$649,789 as compared to the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was a deficit of \$341,479.
- Total debt increased by \$1,537,318, or 120% during the current fiscal year. The key factor for this increase was the recognition of claims of overpayment from the Highway Users Trust Fund of \$1,299,661.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information and schedules in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the County that are principally to be supported by taxes and intergovernmental revenue (*governmental activities*). The governmental activities of the County include general government, public safety, public works, public health and welfare, culture and recreation, auxiliary services, and debt service.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the County include both governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, the Road and Bridge special revenue fund and the Social Services special revenue fund, each of which are considered to be major funds. Data for the other ten governmental funds are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund, Road and Bridge special revenue fund and Social Services special revenue fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets. Current year expenditures exceeded the budgeted appropriation by \$143,129 in the General Fund.

Fiduciary funds. Fiduciary funds are used to account for assets held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of these funds are *not* available to support the County's own programs.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents in the form of *required supplementary information*, budgetary comparison statements for the major governmental funds.

The combining statements referred to earlier in connection with nonmajor governmental funds and certain Social Services special revenue fund schedules are presented immediately following the *required supplementary information*.

This report also contains reports required by the Single Audit Act Amendments of 1996 as well as schedules of debt service requirements to maturity and a local highway finance report.

Government-wide Financial Analysis

2003 was the first year of implementation of Governmental Accounting Standards Board (GASB) Statement 34; accordingly, a comparative analysis of current and prior year balances is not included. However, such an analysis will exist in subsequent years.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by \$6,221,339 at the close of the most recent fiscal year.

Net Assets

Current assets	\$10,719,524
Other assets	39,453
Capital assets	5,991,942
Total assets	<u>16,750,919</u>
Current liabilities	8,689,076
Long-term liabilities	1,840,504
Total liabilities	<u>10,529,580</u>
Net assets invested in capital assets, net of debt	4,785,444
Restricted net assets	1,164,285
Unrestricted net assets	271,610
Total net assets	<u><u>\$ 6,221,339</u></u>

The largest portion of the County's net assets (77%) reflects its investment in capital assets. The County uses these capital assets to provide services to citizens; consequently, the assets are *not* available for future spending.

An additional portion of the County's net assets (19%) represents resources that are subject to restrictions on how they can be used and/or are not currently available for the County's ongoing obligations. The remaining balance of *unrestricted net assets* \$271,610 may be used to meet the government's future expenditures.

At the end of the current fiscal year, the County was able to report positive balances in all three categories of net assets.

Change in Net Assets

Revenue

Program Revenue

Charges for services	\$1,591,554
Capital grants and contributions	1,324,400

General Revenue

Taxes	6,822,533
Licenses and permits	616,171
Intergovernmental	2,362,166
Investment and interest income	75,540
Transfer of capital assets	64,989
Other	942,398
Total revenue	<u>13,799,751</u>

Expenses

General government	4,037,983
Public safety	2,150,961
Public works	5,986,275
Public health and welfare	1,118,746
Culture and recreation	308,224
Auxiliary services	97,245
Total expenses	<u>13,699,434</u>

Change in net assets	100,317
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Net assets - Beginning	<u>6,121,022</u>
Net assets - Ending	<u><u>\$6,221,339</u></u>

The County's net assets increased by \$100,317 during the current fiscal year. Although the County's governmental activities exceeded program revenues by \$10,783,480, the major source of the County's revenue, general revenue, was able to more than offset this deficit.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$3,030,496. \$1,925,518 constitutes *unreserved fund balance*, which is available for spending at the County's discretion.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the General Fund had a deficit of \$341,479. Such deficit was eliminated in 2004 with transfers from other funds.

The fund balance of the County's General Fund decreased by \$406,142 during the current fiscal year. The decrease was a result of property taxes collected being less than anticipated and public safety expenses exceeding budgeted expenditures.

The Road and Bridge special revenue fund had a total fund balance of \$687,803 as of December 31, 2003, of which \$282,172 is restricted for inventory. The Road and Bridge special revenue fund decreased by \$155,978, from the previous year.

The Social Services special revenue fund's fund balance was \$506,282 at the end of the current fiscal year. The Social Services special revenue fund increased \$234,864, from the previous year.

General Fund Budgetary Highlights

Total expenditures in the General Fund for 2003 exceeded the final budgeted appropriation. The actual revenue of \$5,843,661 fell short of the final budgeted revenue by \$292,011. The difference between the final budgeted expenditures of \$6,170,852 and the actual expenditures of \$6,313,981 was \$143,129.

Capital Assets

The County invested \$1,113,321 in capital assets for its governmental-type activities for the year ended December 31, 2003. This investment in capital assets consists primarily of equipment and vehicles. Additionally, road improvements valued at \$1,324,400 were contributed to the County during 2003.

Next Year's Budgets

The 2004 budget reflects the Commissioners' attempt for a fiscally responsible budget built on conservative revenue projections, necessary as well as discretionary expenditure levels and reasonable and required reserves.

The County has appropriated \$13,884,338 for spending in the 2004 fiscal year budget. The 2004 total budgeted expenditures includes approximately \$1.1 million for capital outlay purposes. Budgeted 2004 revenue of \$14,375,291 will result in anticipated revenue in excess of expenditures of \$490,953.

Other Potentially Significant Matters

In October 2004, the County transferred \$515,000 from the Road and Bridge Fund to the General Fund to cure the December 31, 2003 General Fund deficit. The deficit arose due to under collection of revenue, specific ownership taxes, model traffic code revenue, non-sale of jail space to other entities, and the sheriff's department expenditures exceeded appropriations.

Requests for Information

This financial report is designed to provide a general overview of Elbert County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Elbert County, 221 Comanche Street, P.O. Box 597, Kiowa, Colorado 80117.

BASIC FINANCIAL STATEMENTS

ELBERT COUNTY, COLORADO
STATEMENT OF NET ASSETS
December 31, 2003

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Emergency Telephone Service Authority</u>
ASSETS		
Cash and investments	\$ 3,797,346	\$ 380,171
Receivables	158,831	22,456
Property taxes receivable	6,481,175	-
Inventory of supplies	282,172	-
Other assets, net	39,453	-
Capital assets, net		
Buildings, equipment and infrastructure	5,872,832	-
Construction in progress	119,110	-
Total assets	<u>16,750,919</u>	<u>402,627</u>
LIABILITIES		
Warrants payable	443,944	-
Accounts payable	755,393	2,160
Accrued interest payable	23,709	-
Deferred property taxes receivable	6,481,175	-
Other deferred revenue	8,516	-
Noncurrent liabilities		
Due within one year	976,339	-
Due in more than one year	1,840,504	-
Total liabilities	<u>10,529,580</u>	<u>2,160</u>
NET ASSETS		
Invested in capital assets, net of related debt	4,785,444	-
Restricted	1,164,285	-
Unrestricted	271,610	400,467
Total net assets	<u>\$ 6,221,339</u>	<u>\$ 400,467</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

December 31, 2003

These financial statements should be read only in connection with the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2003

		<u>Special Revenue Funds</u>	
	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>
ASSETS			
Cash and investments with Treasurer	\$ (176,136)	\$ 1,125,093	\$ 471,146
Accounts receivable	36,265	51,808	70,589
Property taxes receivable	3,293,004	2,510,411	218,297
Inventory of supplies	-	282,172	-
Total assets	<u>\$ 3,153,133</u>	<u>\$ 3,969,484</u>	<u>\$ 760,032</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Warrants payable	\$ 120,727	\$ 127,520	\$ 22,578
Accounts payable	80,881	643,750	4,359
Deferred property tax revenue	3,293,004	2,510,411	218,297
Other deferred revenue	-	-	8,516
Total liabilities	<u>3,494,612</u>	<u>3,281,681</u>	<u>253,750</u>
FUND BALANCES			
Reserved	-	282,172	-
Unreserved			
Unreserved, undesignated, reported in:			
General fund	(341,479)	-	-
Special revenue funds	-	405,631	506,282
Total fund balances (deficits)	<u>(341,479)</u>	<u>687,803</u>	<u>506,282</u>
TOTAL LIABILITIES FUND BALANCES	<u><u>\$ 3,153,133</u></u>	<u><u>\$ 3,969,484</u></u>	<u><u>\$ 760,032</u></u>

Other Governmental Funds	Total Governmental Funds
\$ 2,377,243	\$ 3,797,346
169	158,831
459,463	6,481,175
-	282,172
<u>\$ 2,836,875</u>	<u>\$ 10,719,524</u>

\$ 173,119	\$ 443,944
26,403	755,393
459,463	6,481,175
-	8,516
<u>658,985</u>	<u>7,689,028</u>

1,164,285 1,446,457

-	(341,479)
<u>1,013,605</u>	<u>1,925,518</u>
<u>2,177,890</u>	<u>3,030,496</u>
<u>\$ 2,836,875</u>	<u>\$ 10,719,524</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

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ELBERT COUNTY, COLORADO
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
Year Ended December 31, 2003

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance - Total governmental funds	\$ 3,030,496
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,991,942
Other assets, net of accumulated amortization are not financial resources and, therefore, are not reported in the funds.	39,453
Accrued interest payable is not included in the funds.	(23,709)
Noncurrent liabilities, including capital leases and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,816,843)</u>
Net assets of governmental activities	<u><u>\$ 6,221,339</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2003

		Special Revenue Funds	
	General	Road and Bridge	Social Services
REVENUE			
Taxes	\$ 3,075,540	\$ 2,992,709	\$ 472,900
Licenses and permits	616,171	-	-
Intergovernmental	72,798	2,949,202	519,022
Charges for services	1,381,764	-	-
Net investment income	75,540	-	-
Miscellaneous	621,848	204,128	3,004
Total revenue	<u>5,843,661</u>	<u>6,146,039</u>	<u>994,926</u>
EXPENDITURES			
Current			
General government	3,562,343	-	-
Public safety	2,150,961	-	-
Public works	-	4,777,706	-
Public health and welfare	356,984	-	760,062
Culture and recreation	141,003	-	-
Auxiliary services	102,690	-	-
Debt service	-	819,166	-
Capital outlay	-	705,145	-
Total expenditures	<u>6,313,981</u>	<u>6,302,017</u>	<u>760,062</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(470,320)</u>	<u>(155,978)</u>	<u>234,864</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Bond issuance costs	-	-	-
Transfers in	64,178	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	<u>64,178</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(406,142)</u>	<u>(155,978)</u>	<u>234,864</u>
FUND BALANCE - BEGINNING OF YEAR	<u>64,663</u>	<u>843,781</u>	<u>271,418</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (341,479)</u>	<u>\$ 687,803</u>	<u>\$ 506,282</u>

Other Governmental Funds	Total Governmental Funds
\$ 281,384	\$ 6,822,533
-	616,171
120,805	3,661,827
209,790	1,591,554
-	75,540
113,418	942,398
<u>725,397</u>	<u>13,710,023</u>
172,313	3,734,656
-	2,150,961
119,110	4,896,816
-	1,117,046
154,649	295,652
-	102,690
74,899	894,065
-	705,145
<u>520,971</u>	<u>13,897,031</u>
<u>204,426</u>	<u>(187,008)</u>
350,000	350,000
(41,529)	(41,529)
-	64,178
(64,178)	(64,178)
<u>244,293</u>	<u>308,471</u>
448,719	121,463
1,729,171	2,909,033
<u>\$ 2,177,890</u>	<u>\$ 3,030,496</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended December 31, 2003

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - Total governmental funds	\$ 121,463
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(113,287)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.	89,728
The issuance of long-term debt (e.g. capital leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	83,403
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(80,990)</u>
Change in Net Assets of Governmental Activities	<u>\$ 100,317</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2003

	<u>Agency Funds</u>	
	<u>Treasurer's</u>	<u>Public Trustee</u>
ASSETS		
Cash and investments with Treasurer	\$ 1,010,830	\$ 125,406
Total assets	<u>1,010,830</u>	<u>125,406</u>
LIABILITIES		
Due to other governments	1,000,330	-
Other liabilities	10,500	-
Escrow deposits held by public trustee	-	125,406
Total liabilities	<u>1,010,830</u>	<u>125,406</u>
NET ASSETS		
Held in trust	<u>\$ -</u>	<u>\$ -</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 - DEFINITION OF REPORTING ENTITY

Elbert County, Colorado is governed by a Board of County Commissioners. The Board consists of three elected members. The County provides the following services: public safety (including the activity of the Sheriff's Contraband account), health and welfare, construction and maintenance of roads and bridges and general administrative services.

The County follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

As required by generally accepted accounting principles (GAAP), these financial statements present the County (the primary government) and its component units. The component unit, the Elbert County Emergency Telephone Service Authority (Authority), is discretely reported in a separate column to emphasize that they are legally separate from the County. The discretely presented component unit has a December 31 year end.

The Authority was established April 27, 1989 and reconstituted April 14, 1992 by an Intergovernmental Agreement between the County of Elbert; Towns of Simla, Kiowa, Elbert and Elizabeth; Kiowa, Elbert, Elizabeth, Tri-County, Rattlesnake, Deer Trail and Calhan Fire Protection Districts. The Authority was established pursuant to State Statute Article 11 of Title 29. The purpose of the Authority is to provide central emergency telephone services to residents within the service area in Elbert County. The Authority is included in the County's financial statements because the Elbert County Board of Commissioners appoints all of the board members. Complete financial statements for the Authority may be obtained from the Authority's office at P.O. Box 992, Elizabeth, Colorado 80107.

The County is financially accountable for the Elbert County Building Authority. The Elbert County Building Authority had no activity during 2003.

The operations of the 18th Judicial District (including Crime Victim Compensation Boards) is not a part of the financial statements of the County as the County is not financially accountable for the operations of the 18th Judicial District.

Proceeds from the seizure of contraband were \$0 for the year ended December 31, 2003.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

As of January 1, 2003, the County implemented the reporting requirements of the Governmental Accounting Standards Board GASB Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37 - *Basic Financial Statements - and Management's Discussions and Analysis - for State and Local Governments: Omnibus* and GASB Statement No. 38 - *Certain Financial Statement Disclosures*.

Certain funds have been reclassified as to fund type in 2004. The Impact Assistance and RETAC funds previously considered fiduciary funds have been classified as special revenue funds in 2004. The three Local Improvement District Special Assessment funds are presented as debt service funds rather than capital project funds as previously displayed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the County are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These financial statements include all of the activities of the primary government and its component unit except for the fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of net assets reports all financial and capital resources of the primary government and its component unit. The difference between the assets and liabilities of the County is reported as net assets.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and redemption of bonds and notes are recorded as a reduction in liabilities.

The County has elected to follow Governmental Accounting Standards Board pronouncements in the government-wide financial statements. Therefore, statements issued by the Financial Accounting Standards Board after November 30, 1989 are not applied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road and Bridge special revenue fund is used to account for the proceeds of restricted revenue to be used for maintaining road and bridge operations.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Social Services special revenue fund is used to account for the proceeds of restricted revenue to be used for public health and welfare programs.

Additionally, the County reports Agency Funds, which are used to account for assets held by the County as an agent for other governmental units and individuals. The agency funds are custodial in nature and do not present results of operations or have a measurement focus.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law, the County Commissioners hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The County Commissioners can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. For budgetary purposes, the County did not budget or appropriate for entering into capital lease transactions, as entering into a capital lease transaction does not provide for or use financial resources. The payments required under the capital lease agreements are included in the appropriations resolution.

For financial statement presentation purposes, certain expenditures have been netted against revenue. The amended appropriation reported above has also been reduced by expenditures netted against revenue.

During the year ended December 31, 2004, supplementary appropriations approved by the County modified the appropriation from \$6,275,884 to \$6,250,865 in the General Fund and from \$6,853,629 to \$6,612,391 in the Road and Bridge Fund.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County incurred expenditures in excess of appropriation for the year ended December 31, 2003, which may be in violation of the Local Government Budget Law, in the following funds:

	<u>Amount</u>
General Fund	\$ 143,129
Amanda Pines Estates Fund	17,874
Social Services Fund	109,694
Library Fund	39,104
Retirement Fund	22,313
RETAC Fund	25,074
Total	<u>\$ 357,188</u>

Cash and Net Investment Income

Except for cash held by third parties (cash and investments with trustee), all cash is deposited with the County Treasurer. When funds are received, the accounts of the fund receiving the money are credited. When expenditures are made, the cash with Treasurer is reduced and the expenditures recorded. The Treasurer invests the funds to achieve the best possible return on the investment. All funds record cash and investments as cash with County Treasurer. Net investment income is allocated to the General Fund, Conservation Trust Fund and Impact Assistance Fund, in accordance with statutory requirements.

Inventories

Inventories of supplies held for consumption by the Road and Bridge Fund are valued at average cost. The cost of inventory is recorded as an expenditure at the time individual inventory items are used. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of assets.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings	39 years
Equipment	3 – 7 years
Infrastructure - Constructed and acquired since January 1, 2003	30 years

Property Taxes

Property taxes are levied by the County Commissioners. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to put a tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenue are recorded as revenue in the year they are available or collected.

Amortization of Bond Issue Costs

In the government-wide financial statements, bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The County has a policy that allows employees to accumulate unused vacation benefits up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The County's General Fund is used to liquidate compensated absences of the governmental activities.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally segregated or are not subject to future appropriation. Designations of unreserved fund balances indicate the Commissioners' intention for future utilization of such funds and are subject to change by the Commissioners.

Reserved Fund Balance

Individual reserves by fund at December 31, 2003 are as follows:

Primary government:

Debt Service Funds

Reserved for payment of bond principal and interest	\$ 420,665
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Special Revenue Funds

Road and Bridge Fund

Reserved for inventory	282,172
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Contingency Fund

Reserved for emergencies under TABOR	323,880
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Conservation Trust Fund

Reserved for future projects	327,663
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Total Special Revenue Funds	<u>933,715</u>
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Capital Projects Fund

Reserved for capital expenditures	92,077
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Total reservations of fund balances	<u><u>\$ 1,446,457</u></u>
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The fund balances in the Debt Service Funds are to be used for the payment of special assessment bond principal and interest.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An amount of the fund balance equal to the reported inventory is reserved to indicate that the inventory does not constitute spendable resources even though the inventory is a component of net assets.

Article X, Section 20 of the Constitution of the State of Colorado requires the County to establish Emergency Reserves. The Contingency Fund balance has been reserved in compliance with this requirement.

The reserved balance for the Conservation Trust Fund is for the net unspent proceeds received from the State Lottery under the State's Conservation Trust Fund regulations.

The fund balance reserved for capital expenditures represents reserves for future capital expenditures.

Deficits

The General Fund had a deficit reported in the fund financial statements as of December 31, 2003. Such deficit was eliminated in 2004 with transfers from other funds.

NOTE 3 - CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

At December 31, 2003, the County's cash deposits had bank balances and carrying balances as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Cash on hand	\$ 185,413	\$ -
Insured deposits	200,000	200,000
Deposits collateralized in single institution pools	<u>1,008,978</u>	<u>1,809,206</u>
	<u><u>\$1,394,391</u></u>	<u><u>\$2,009,206</u></u>

At December 31, 2003, the Authority's bank and carrying balance of \$32,283 was entirely insured.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

The County's investments are categorized below to give an indication of the level of credit risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the entity or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the County's name.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments in local government investment pools or in money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

<u>Categorized</u>	<u>Fair Value</u>
Category 1	
U.S. Treasuries - managed funds	\$ 1,226,173
Total categorized	<u>1,226,173</u>
 <u>Not subject to categorization</u>	
Local government investment pools	1,743,106
Money market funds	<u>569,912</u>
Total not subject to categorization	<u>2,313,018</u>
 Total investments	 <u><u>\$ 3,539,191</u></u>

At December 31, 2003, the County had invested \$1,600,094 in the Colorado Local Government Liquid Asset Trust (PRIME) (the Trust) and \$143,012 in the Government Asset Pool (GAP). The Trust and GAP are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust and GAP. The Trust and GAP operate similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. The Trust portfolios and GAP may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. Government Agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. Government Agencies. GAP may also invest in Government Agency securities and repurchase agreements collateralized by U.S. Government Agency securities. A designated custodial bank serves as custodian for the Trust's and GAP's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's and GAP's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust and GAP.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2003, the County had invested \$21,354 in the Active Assets Money Trust and \$668,179 in Government Securities managed by Morgan Stanley Dean Witter, and \$548,558 in the First American Government Obligations Fund and the First American Prime Obligations Fund and \$557,994 in Fixed Income Funds managed by Piper Jaffray. The managed funds invest primarily in securities that are issued or guaranteed as to payment of principal and interest by the U.S. government, its agencies or instrumentalities and repurchase agreements collateralized by such securities.

The Authority had \$347,888 invested in COLOTRUST PLUS+ as of December 31, 2003.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003 was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 119,110	\$ -	\$ 119,110
Capital assets being depreciated:				
Buildings	4,923,614	-	-	4,923,614
Equipment	4,874,009	994,211	(7,209)	5,861,011
Infrastructure	-	1,324,400	-	1,324,400
Total capital assets being depreciated	9,797,623	2,318,611	(7,209)	12,109,025
Less accumulated depreciation for:				
Buildings	(2,241,372)	(102,293)	-	(2,343,665)
Equipment	(3,048,563)	(829,100)	7,209	(3,870,454)
Infrastructure	-	(22,074)	-	(22,074)
Total accumulated depreciation	(5,289,935)	(953,467)	7,209	(6,236,193)
Total capital assets, being depreciated, net	4,507,688	1,365,144	-	5,872,832
Capital assets, net	<u>\$4,507,688</u>	<u>\$1,484,254</u>	<u>\$ -</u>	<u>\$5,991,942</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 4 - CAPITAL ASSETS (CONTINUED)

<u>Component Unit</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Emergency Telephone Service Authority	<u>\$ 64,989</u>	<u>\$ -</u>	<u>\$ 64,989</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 247,600
Public works	691,595
Public health and welfare	1,700
Culture and recreation	12,572
Total depreciation expense	<u>\$ 953,467</u>

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the County's long-term obligations for the year ended December 31, 2003:

	<u>Balance at December 31, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2004</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Capital lease obligations	\$ 733,551	\$ 211,274	\$ 349,874	\$ 594,951	\$ 381,378
Special assessment debt	343,000	350,000	42,000	651,000	-
Claim of overpayments from Highway Users Trust Fund	-	1,299,661	-	1,299,661	323,730
Compensated absences	202,974	68,257	-	271,231	271,231
	<u>\$ 1,279,525</u>	<u>\$1,929,192</u>	<u>\$ 391,874</u>	<u>\$ 2,816,843</u>	<u>\$ 976,339</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The detail of the County's long-term obligations is as follows:

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain road and bridge equipment as described below. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases at December 31, 2003 are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 1,732,918
Less accumulated depreciation	(1,056,077)
Total	<u><u>\$ 676,841</u></u>

On February 15, 2000, the County entered into a capital lease obligation to purchase five truck tractors. The lease is on a quarterly basis, renewable for four consecutive one-year periods with quarterly principal and interest payments of \$21,073.56, with interest of 6.30%.

On April 10, 2000, the County entered into a capital lease obligation to purchase a front-end loader. The lease is on a quarterly basis, renewable for four consecutive one-year periods with quarterly principal and interest payments of \$14,136.62, with interest of 5.25%.

On May 10, 2000, the County entered into a capital lease obligation to purchase five truck tractors. The lease is on a quarterly basis, renewable for four consecutive one-year periods with quarterly principal and interest payments of \$21,073.56, with interest of 6.30%.

On September 10, 2000, the County entered into a capital lease obligation to purchase a motor grader. The lease is on a quarterly basis, renewable for three consecutive one-year periods with quarterly principal and interest payments of \$11,441.40, with interest of 5.75%.

On September 20, 2000, the County entered into a capital lease obligation to purchase a motor grader. The lease is on a quarterly basis, renewable for three consecutive one-year periods with quarterly principal and interest payments of \$13,003.61, with interest of 5.75%.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

On November 28, 2000, the County entered into a capital lease obligation to purchase a dump truck. The lease is on a quarterly basis, renewable for four consecutive one-year periods with quarterly principal and interest payments of \$6,167.03, with interest of 5.30%.

On April 5, 2002, the County entered into a capital lease obligation to purchase a pneumatic tire compactor. This lease is payable annually, renewable for two consecutive one-year periods with annual principal and interest payments of \$16,790.30, with interest of 4.00%.

On August 22, 2003, the County entered into a capital lease obligation to purchase a grader. The lease is on a quarterly basis, renewable for two consecutive one-year periods with quarterly principal and interest payments of \$18,300.36, with interest of 2.40%.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2003, were as follows:

Year Ending December 31,	Governmental Activities
2004	\$ 400,125
2005	164,008
2006	54,901
Total minimum lease payments	619,034
Less amount representing interest	(24,083)
Present value of minimum lease payments	<u>\$ 594,951</u>

Special Assessment Bonds

The following Special Assessment Bonds are to be serviced by special assessments levied against real property in the County, which is specifically benefited by the improvements.

The Amanda Pines Estates Local Improvement District Special Assessment Bonds, dated July 19, 2001, were issued in the principal amount of \$215,000. Principal and interest, computed at 5.75% per annum, is payable annually on July 1, and maturing July 1, 2011, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on July 1, 2002, and each July 1, thereafter. The principal amount outstanding at December 31, 2003 was \$126,000.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Rolling Hills Acres Local Improvement District Special Assessment Bonds, dated April 24, 2002 were issued in the principal amount of \$175,000. Principal and interest, computed at 6.125% per annum, is payable annually on July 1, and maturing July 1, 2012, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on July 1, 2003, and each July 1, thereafter. The principal amount outstanding at December 31, 2003 was \$175,000.

The Chaparral Valley 2 Local Improvement District Special Assessment Bonds, dated January 10, 2003 were issued in the principal amount of \$350,000. Principal and interest, computed at 6.00% per annum, is payable annually on July 1, and maturing July 1, 2022, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on July 1, 2003, and each July 1, thereafter. The principal amount outstanding at December 31, 2003 was \$350,000.

Annual debt service requirements to maturity for Special Assessment Bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2004	\$ -	\$ 38,964	\$ 38,964
2005	44,053	38,964	83,017
2006	46,680	36,336	83,016
2007	49,465	33,552	83,017
2008	52,415	30,602	83,017
2009-2013	238,523	103,494	342,017
2014-2018	107,855	53,770	161,625
2019-2022	112,009	17,291	129,300
	<u>\$ 651,000</u>	<u>\$ 352,973</u>	<u>\$1,003,973</u>

Claim of Overpayments from Highway Users Trust Fund

The Colorado State Treasurer's Office (State Treasurer) has made two separate and distinct overpayments of Highway Users Trust Fund distributions to the County.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Claim of Overpayment #1

The State Treasurer erroneously distributed \$971,190 of Highway Users Trust Fund (HUTF) money to the County during 2002 and 2003. The overpayment was a result of the State Treasurer transposing County and rural vehicle registration information. The County expended these monies in the ordinary course of Road and Bridge Fund operations.

The State Treasurer has drafted a Memorandum of Understanding (MOU), which has not been approved by the County. In accordance with the unapproved MOU, beginning in 2004 the State Treasurer began deducting \$26,977.50 per month from the County's HUTF distributions. Such deductions are anticipated to continue through December 2006. Questions exist regarding the County's ability to enter into a multi-fiscal year agreement as presented by the State Treasurer.

Claim of Overpayment #2

During July of 2004, the County was informed that the State Treasurer had erroneously distributed \$328,471 of HUTF monies to the County during 2000. The overpayment was a result of the State Treasurer and/or the Colorado Department of Transportation transposing bridge deck data used to calculate distributions. The County has expended these monies in the ordinary course of Road and Bridge Fund operations.

The State Treasurer has unilaterally offered to extend the unapproved MOU described above for an additional two years. The question of legal ability described above is also applicable to this claim.

The County has recorded a liability of \$1,299,661 for these claims as of December 31, 2003 in its government-wide financial statements. The claim will be reduced based upon the reduction of revenue in future years in its governmental fund financial statements. Anticipated revenue reductions are as follows:

Year Ending December 31,

2004	\$ 323,730
2005	323,730
2006	323,730
2007	164,235
2008	164,236
	<u>\$1,299,661</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 6 - NET ASSETS

The County has net assets consisting of three components - invested in capital assets, net of related debt, restricted, and unrestricted.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of capital leases and bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2003, the County had invested in capital assets, net of related debt of \$4,785,444, calculated as follows:

	<u>Governmental Activities</u>
Invested in capital assets, net of related debt:	
Capital assets, net	\$ 5,991,942
Bond issuance costs (net of accumulated amortization)	39,453
Current portion of long-term obligations	(381,378)
Noncurrent portion of long-term obligations	(864,573)
Invested in capital asset, net of related debt	<u><u>\$ 4,785,444</u></u>

Restricted assets include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The County had restricted net assets of \$1,164,285 as of December 31, 2003 as follows:

	<u>Governmental Activities</u>
<u>Primary Government</u>	
Restricted net assets:	
Debt service - Special assessment debt	\$ 420,665
Emergencies under TABOR	323,880
Trust for future projects	327,663
Capital improvements	92,077
Total restricted net assets	<u><u>\$ 1,164,285</u></u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 7 - PENSION PLAN

The County has adopted a multiple employer defined contribution pension plan administered by Colorado Counties Officials and Employees Retirement Association (CCOERA) which covers substantially all employees meeting the minimum eligibility requirements of 20 or more hours of work per week and one full year of continuous service. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees must match the employer contributions which may range from 3% to 6% of gross wages less overtime pay. An employee may contribute an additional 10% of eligible compensation after taxes or defer up to the lesser of \$8,500 or 25% of gross wages until retirement. Withdrawal from the Plan may occur only upon retirement, death, disability or termination of employment. Employees vest 100% in personal contributions and 20% for each year of employment in employer contributions. Unvested employer contributions forfeited at termination revert to the County.

Both the County and the employees contributed 4% of eligible gross wages to the Plan during 2003. During the year ended December 31, 2003, participants made additional voluntary contributions. Additionally, certain participants participated in the Voluntary Deferred Compensation Plan during 2003. Information regarding the pension plan contributions for 2003 is as follows:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Total payroll	\$6,059,299	\$5,264,969	\$4,530,585
Base salary - eligible	4,599,218	3,779,075	3,329,599
County contribution	184,245	151,163	133,184
Employee contribution	184,245	151,163	133,184

NOTE 8 - DEFERRED COMPENSATION PLAN

The County has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is also administered by CCOERA. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The County leases equipment under operating leases that expire through 2009. Total rental expense for the year ended December 31, 2003 was \$449,204. The future minimum annual rental commitments under these leases are as follows:

<u>Year ending December 31,</u>	<u>Minimum Lease Payments</u>
2004	\$ 358,509
2005	242,607
2006	151,538
2007	140,724
2008	144,624
2009	136,158
	<u>\$1,174,160</u>

Litigation

The County has been named in various pending or threatened litigation, claims or assessments amounting to approximately \$5,800,000. The ultimate outcome/resolution of these matters is not known at this time. The County is monitoring the progress of these matters and has referred various matters to the County's insurance carrier for consultation and representation. Insurance could participate in defense, settlement and claims costs subject to the terms and conditions of the insuring agreements.

NOTE 10 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, thefts of, damage to or destruction of assets; errors or omissions; injuries to employees, or acts of God. The County is one of several counties which are members of the Colorado Counties Casualty and Property Pool and the County Workers' Compensation Pool. The pools are organizations created by intergovernmental agreement. The Colorado Counties Casualty and Property Pool provides general liability, automobile liability, property and auto physical damage to its members. The County Workers' Compensation Pool provides workers' compensation coverage to its members.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 10 - RISK MANAGEMENT (CONTINUED)

The County pays annual contributions to the Pools for its property and casualty insurance and its workers' compensation insurance. The County has a \$500 deductible per claim for its property and casualty insurance. The intergovernmental agreements which formed the Pools provides that the Pools will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pools will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

Each pool is managed by an independent risk manager/claims administrator who reports to the Pool Board of Directors. Each member's contribution to the respective pool is determined on factors including, but not limited to, the Pool's claim experience, premium costs, cost of administration and other operating expenses, the number of participants, the adequacy of both operating and reserve funds and other factors effecting the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

The County's contributions as a percentage of pool revenue are less than 3%.

The Pool's provide the following types of coverage:

	Self-Insured Retentions (Per Occurrence)	Excess Insurance Limits (Per Occurrence)
Liability	\$ 250,000	\$ 2,000,000
Property	\$ 150,000	\$ 50,000,000
Workers' compensation	\$ 300,000	\$ 2,000,000

Settled claims have not exceeded coverage provided by the Pool in any of the past three fiscal years.

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The County's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation. Accordingly, the possibility exists that the County's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

In November 1996, a majority of the County's electors authorized the County to retain or expend all revenue derived from building and other development related fees, exactions and permits; and revenues, cost reimbursements and grants from other governments during 1996 and each subsequent year without regard to any TABOR limitation or any other law provided, however, that no property tax mill levy shall be increased at any time, nor shall any new tax be imposed, without consent of the voters approving any such increase or new tax.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ELBERT COUNTY, COLORADO
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2003

	Budget	
	Original	Final
REVENUE		
Taxes	\$ 3,287,323	\$ 3,287,323
Licenses and permits	715,550	715,550
Intergovernmental	267,159	267,159
Charges for service	1,406,020	1,406,020
Net investment income	201,000	201,000
Miscellaneous	109,500	258,620
Total revenue	<u>5,986,552</u>	<u>6,135,672</u>
EXPENDITURES		
General government	3,747,807	3,722,788
Public safety	1,903,128	1,903,128
Public health and welfare	292,908	292,908
Culture and recreation	142,147	142,147
Auxiliary services	109,881	109,881
Total expenditures	<u>6,195,871</u>	<u>6,170,852</u>
EXCESS (DEFICIENCY) OF REVENUE		
(UNDER) EXPENDITURES	<u>(209,319)</u>	<u>(35,180)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE		
(UNDER) EXPENDITURES AND OTHER		
FINANCING SOURCES (USES)	<u>(209,319)</u>	<u>(35,180)</u>
FUND BALANCE - BEGINNING OF YEAR	64,663	64,663
FUND BALANCE - END OF YEAR	<u>\$ (144,656)</u>	<u>\$ 29,483</u>

<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 3,075,540	\$ (211,783)
616,171	(99,379)
72,798	(194,361)
1,381,764	(24,256)
75,540	(125,460)
621,848	363,228
<u>5,843,661</u>	<u>(292,011)</u>
3,562,343	160,445
2,150,961	(247,833)
356,984	(64,076)
141,003	1,144
102,690	7,191
<u>6,313,981</u>	<u>(143,129)</u>
<u>(470,320)</u>	<u>(435,140)</u>
<u>64,178</u>	<u>64,178</u>
<u>64,178</u>	<u>64,178</u>
(406,142)	(370,962)
64,663	-
<u>\$ (341,479)</u>	<u>\$ (370,962)</u>

ELBERT COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF REVENUE - BUDGET AND ACTUAL
Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE				
Taxes				
Property taxes	\$ 2,628,823	\$ 2,628,823	\$ 2,541,261	\$ (87,562)
Specific ownership taxes	650,000	650,000	526,644	(123,356)
Cigarette taxes	8,500	8,500	7,635	(865)
Total taxes	<u>3,287,323</u>	<u>3,287,323</u>	<u>3,075,540</u>	<u>(211,783)</u>
Licenses and permits				
Building and zoning fees	715,250	715,250	615,913	(99,337)
Liquor licenses	300	300	258	(42)
Total licenses and permits	<u>715,550</u>	<u>715,550</u>	<u>616,171</u>	<u>(99,379)</u>
Intergovernmental revenue				
VALE grant	30,386	30,386	23,081	(7,305)
EMC state	42,000	42,000	19,000	(23,000)
Law enforcement grant	1,500	1,500	1,599	99
Environmental health grant	-	-	29,118	29,118
Courthouse grant	150,000	150,000	-	(150,000)
Growth management grant	-	-	-	-
Other intergovernmental revenue	43,273	43,273	-	(43,273)
Total intergovernmental revenue	<u>267,159</u>	<u>267,159</u>	<u>72,798</u>	<u>(194,361)</u>
Charges for services				
Assessor	4,000	4,000	2,397	(1,603)
Sheriff	240,500	240,500	188,060	(52,440)
Clerk	575,000	575,000	551,145	(23,855)
Treasurer	285,000	285,000	302,730	17,730
Nurse	149,520	149,520	200,331	50,811
Compactor fees	60,000	60,000	52,484	(7,516)
Work release fees	5,000	5,000	-	(5,000)
Public trustee fees	50,000	50,000	69,017	19,017
Miscellaneous fees	37,000	37,000	15,600	(21,400)
Total charges for services	<u>1,406,020</u>	<u>1,406,020</u>	<u>1,381,764</u>	<u>(24,256)</u>
Net investment income	<u>201,000</u>	<u>201,000</u>	<u>75,540</u>	<u>(125,460)</u>
Miscellaneous revenue				
DUI insurance	4,000	4,000	4,867	867
Fair receipts	21,000	21,000	25,231	4,231
Other	84,500	233,620	591,750	358,130
Total miscellaneous revenue	<u>109,500</u>	<u>258,620</u>	<u>621,848</u>	<u>363,228</u>
Total revenue	<u>\$ 5,986,552</u>	<u>\$ 6,135,672</u>	<u>\$ 5,843,661</u>	<u>\$ (292,011)</u>

ELBERT COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES				
General government				
Office of Commissioners	\$ 211,361	\$ 211,361	\$ 277,659	\$ (66,298)
Clerk of the Board	37,453	37,453	36,236	1,217
County attorney	70,400	70,400	78,443	(8,043)
Clerk and recorder	304,888	304,888	310,993	(6,105)
Clerk and recorder - Elections	47,200	47,200	36,534	10,666
County Treasurer	197,459	197,459	176,410	21,049
County Assessor	420,817	420,817	450,770	(29,953)
Maintenance of grounds and buildings	179,144	179,144	160,546	18,598
Central data processing	288,797	288,797	135,270	153,527
Other administration	1,365,574	1,340,555	1,333,852	6,703
Budget/payroll	66,850	66,850	66,823	27
District attorney	472,610	472,610	421,871	50,739
Compactor	85,254	85,254	76,936	8,318
Total general government	<u>3,747,807</u>	<u>3,722,788</u>	<u>3,562,343</u>	<u>160,445</u>
Public safety				
County sheriff	843,007	843,007	911,938	(68,931)
County jail	653,621	653,621	780,113	(126,492)
County coroner	58,450	58,450	49,497	8,953
Judicial center	-	-	33,685	(33,685)
Building inspection	140,243	140,243	171,729	(31,486)
Land use administration	197,107	197,107	197,027	80
Planning commission	10,700	10,700	6,972	3,728
Total public safety	<u>1,903,128</u>	<u>1,903,128</u>	<u>2,150,961</u>	<u>(247,833)</u>
Public health and welfare	<u>292,908</u>	<u>292,908</u>	<u>356,984</u>	<u>(64,076)</u>
Culture and recreation	<u>142,147</u>	<u>142,147</u>	<u>141,003</u>	<u>1,144</u>
Auxiliary services				
Extension office	107,261	107,261	102,690	4,571
Veterans office	2,620	2,620	-	2,620
Total auxiliary services	<u>109,881</u>	<u>109,881</u>	<u>102,690</u>	<u>7,191</u>
Total expenditures	<u>\$ 6,195,871</u>	<u>\$ 6,170,852</u>	<u>\$ 6,313,981</u>	<u>\$ (143,129)</u>

ELBERT COUNTY, COLORADO
ROAD AND BRIDGE FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Taxes	\$ 2,943,323	\$ 2,943,323	\$ 2,992,709	\$ 49,386
Intergovernmental	3,288,737	3,326,977	2,949,202	(377,775)
Miscellaneous	253,700	253,700	204,128	(49,572)
Total revenue	<u>6,485,760</u>	<u>6,524,000</u>	<u>6,146,039</u>	<u>(377,961)</u>
EXPENDITURES				
Public works	5,578,477	5,337,239	4,777,706	559,533
Debt service	897,451	897,451	819,166	78,285
Capital outlay	300,000	300,000	705,145	(405,145)
Total expenditures	<u>6,775,928</u>	<u>6,534,690</u>	<u>6,302,017</u>	<u>232,673</u>
EXCESS (DEFICIENCY) OF REVENUE (UNDER) EXPENDITURES	(290,168)	(10,690)	(155,978)	(145,288)
FUND BALANCE - BEGINNING OF YEAR	<u>843,781</u>	<u>843,781</u>	<u>843,781</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 553,613</u>	<u>\$ 833,091</u>	<u>\$ 687,803</u>	<u>\$ (145,288)</u>

ELBERT COUNTY, COLORADO
SOCIAL SERVICES FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2003

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Taxes	\$ 399,891	\$ 472,900	\$ 73,009
Intergovernmental	200,085	519,022	318,937
Miscellaneous	-	3,004	3,004
Total revenue	<u>599,976</u>	<u>994,926</u>	<u>394,950</u>
EXPENDITURES			
Public health and welfare	650,368	760,062	(109,694)
Total expenditures	<u>650,368</u>	<u>760,062</u>	<u>(109,694)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(50,392)	234,864	285,256
FUND BALANCE - BEGINNING OF YEAR	<u>271,418</u>	<u>271,418</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 221,026</u></u>	<u><u>\$ 506,282</u></u>	<u><u>\$ 285,256</u></u>

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SUPPLEMENTAL INFORMATION

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2003

	Special Revenue Funds	Debt Service Funds
ASSETS		
Cash and investments with Treasurer	\$ 1,855,304	\$ 429,862
Accounts receivable	169	-
Property taxes receivable	153,463	-
TOTAL ASSETS	\$ 2,008,936	\$ 429,862
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Warrants payable	\$ 163,922	\$ 9,197
Accounts payable	26,403	-
Deferred property tax revenue	153,463	-
Total liabilities	<u>343,788</u>	<u>9,197</u>
 FUND BALANCE		
Reserved	651,543	420,665
Unreserved		
Undesignated	1,013,605	-
Total fund balance	<u>1,665,148</u>	<u>420,665</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,008,936	\$ 429,862

Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 92,077	\$ 2,377,243
-	169
306,000	459,463
<u>\$ 398,077</u>	<u>\$ 2,836,875</u>

\$ -	\$ 173,119
-	26,403
306,000	459,463
<u>306,000</u>	<u>658,985</u>

92,077	1,164,285
-	1,013,605
<u>92,077</u>	<u>2,177,890</u>
<u>\$ 398,077</u>	<u>\$ 2,836,875</u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2003

	Special Revenue Funds	Debt Service Funds
REVENUE		
Taxes	\$ 167,091	\$ 114,293
Intergovernmental	120,805	-
Charges for services	209,790	-
Miscellaneous	13,604	99,814
Total revenue	<u>511,290</u>	<u>214,107</u>
EXPENDITURES		
General government	172,313	-
Public works	-	119,110
Culture and recreation	154,649	-
Debt service	-	74,899
Total expenditures	<u>326,962</u>	<u>194,009</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>184,328</u>	<u>20,098</u>
OTHER FINANCING SOURCES (USES)		
Bond proceeds	-	350,000
Bond issuance costs	-	(41,529)
Transfers in (out)	(64,178)	-
Total other financing sources (uses)	<u>(64,178)</u>	<u>308,471</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	120,150	328,569
FUND BALANCE - BEGINNING OF YEAR	<u>1,544,998</u>	<u>92,096</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,665,148</u>	<u>\$ 420,665</u>

Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 281,384
-	120,805
-	209,790
-	113,418
-	725,397
-	172,313
-	119,110
-	154,649
-	74,899
-	520,971
-	204,426
-	350,000
-	(41,529)
-	(64,178)
-	244,293
-	448,719
92,077	1,729,171
<u>\$ 92,077</u>	<u>\$ 2,177,890</u>

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2003

	<u>Contingency</u>	<u>Retirement</u>	<u>Conservation Trust</u>
ASSETS			
Cash and investments with Treasurer	\$ 323,880	\$ 71,577	\$ 477,494
Accounts receivable	-	-	169
Property taxes receivable	-	153,463	-
TOTAL ASSETS	<u><u>\$ 323,880</u></u>	<u><u>\$ 225,040</u></u>	<u><u>\$ 477,663</u></u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Warrants payable	\$ -	\$ 13,922	\$ 150,000
Accounts payable	-	-	-
Deferred property tax revenue	-	153,463	-
Total liabilities	<u>-</u>	<u>167,385</u>	<u>150,000</u>
 FUND BALANCE			
Reserved	323,880	-	327,663
Unreserved			
Undesignated	-	57,655	-
Total fund balance	<u>323,880</u>	<u>57,655</u>	<u>327,663</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 323,880</u></u>	<u><u>\$ 225,040</u></u>	<u><u>\$ 477,663</u></u>

<u>Impact Assistance</u>	<u>RETAC</u>	<u>Total</u>
\$ 982,353	\$ -	\$ 1,855,304
-	-	169
-	-	153,463
<u>\$ 982,353</u>	<u>\$ -</u>	<u>\$ 2,008,936</u>

\$ -	\$ -	\$ 163,922
26,403	-	26,403
-	-	153,463
<u>26,403</u>	<u>-</u>	<u>343,788</u>

-	-	651,543
<u>955,950</u>	<u>-</u>	<u>1,013,605</u>
<u>955,950</u>	<u>-</u>	<u>1,665,148</u>

<u>\$ 982,353</u>	<u>\$ -</u>	<u>\$ 2,008,936</u>
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ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2003

	<u>Contingency</u>	<u>Library</u>	<u>Retirement</u>
REVENUE			
Taxes	\$ -	\$ -	\$ 167,091
Intergovernmental	-	-	-
Charges for services	-	-	-
Miscellaneous	-	-	13,604
Total revenue	<u>-</u>	<u>-</u>	<u>180,695</u>
EXPENDITURES			
General government	-	-	172,313
Public works	-	-	-
Culture and recreation	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>172,313</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>8,382</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(39,104)	-
Total other financing sources (uses)	<u>-</u>	<u>(39,104)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-	(39,104)	8,382
FUND BALANCE - BEGINNING OF YEAR	<u>323,880</u>	<u>39,104</u>	<u>49,273</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 323,880</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 57,655</u></u>

<u>Conservation Trust</u>	<u>Impact Assistance</u>	<u>RETAC</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 167,091
120,805	-	-	120,805
-	209,790	-	209,790
-	-	-	13,604
<u>120,805</u>	<u>209,790</u>	<u>-</u>	<u>511,290</u>
-	-	-	172,313
-	-	-	-
154,649	-	-	154,649
<u>154,649</u>	<u>-</u>	<u>-</u>	<u>326,962</u>
<u>(33,844)</u>	<u>209,790</u>	<u>-</u>	<u>184,328</u>
-	-	(25,074)	(64,178)
-	-	(25,074)	(64,178)
(33,844)	209,790	(25,074)	120,150
<u>361,507</u>	<u>746,160</u>	<u>25,074</u>	<u>1,544,998</u>
<u>\$ 327,663</u>	<u>\$ 955,950</u>	<u>\$ -</u>	<u>\$ 1,665,148</u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2003

	Contingency		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Miscellaneous	-	-	-
Total revenue	-	-	-
EXPENDITURES			
General government	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Total expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total other financing sources (uses)	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-	-	-
FUND BALANCE - BEGINNING OF YEAR	323,880	323,880	-
FUND BALANCE - END OF YEAR	\$ 323,880	\$ 323,880	\$ -

Library			Retirement		
Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ 146,000	\$ 167,091	\$ 21,091
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	10,000	13,604	3,604
-	-	-	156,000	180,695	24,695
-	-	-	-	-	-
-	-	-	150,000	172,313	(22,313)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	150,000	172,313	(22,313)
-	-	-	-	-	-
-	-	-	6,000	8,382	2,382
-	(39,104)	(39,104)	-	-	-
-	(39,104)	(39,104)	-	-	-
-	(39,104)	(39,104)	6,000	8,382	2,382
39,104	39,104	-	49,273	49,273	-
\$ 39,104	\$ -	\$ (39,104)	\$ 55,273	\$ 57,655	\$ 2,382

(Continued)

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2003
(Continued)

	Conservation Trust		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	100,000	120,805	20,805
Charges for services	-	-	-
Miscellaneous	-	-	-
Total revenue	<u>100,000</u>	<u>120,805</u>	<u>20,805</u>
EXPENDITURES			
General government	-	-	-
Public works	-	-	-
Culture and recreation	350,000	154,649	195,351
Total expenditures	<u>350,000</u>	<u>154,649</u>	<u>195,351</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(250,000)</u>	<u>(33,844)</u>	<u>216,156</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(250,000)</u>	<u>(33,844)</u>	<u>216,156</u>
FUND BALANCE - BEGINNING OF YEAR	<u>361,507</u>	<u>361,507</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 111,507</u>	<u>\$ 327,663</u>	<u>\$ 216,156</u>

Impact Assistance			RETAC		
Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	209,790	209,790	-	-	-
-	-	-	-	-	-
-	209,790	209,790	-	-	-
-	-	-	-	-	-
197,000	-	197,000	-	-	-
-	-	-	-	-	-
197,000	-	197,000	-	-	-
(197,000)	209,790	406,790	-	-	-
-	-	-	-	(25,074)	(25,074)
-	-	-	-	(25,074)	(25,074)
(197,000)	209,790	406,790	-	(25,074)	(25,074)
746,160	746,160	-	25,074	25,074	-
\$ 549,160	\$ 955,950	\$ 406,790	\$ 25,074	\$ -	\$ (25,074)

(Continued)

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2003
(Continued)

	Totals		Variance with
	Final	Actual	Final Budget
	Budget		Positive
			(Negative)
REVENUE			
Taxes	\$ 146,000	\$ 167,091	\$ 21,091
Intergovernmental	100,000	120,805	20,805
Charges for services	-	209,790	209,790
Miscellaneous	10,000	13,604	3,604
Total revenue	<u>256,000</u>	<u>511,290</u>	<u>255,290</u>
EXPENDITURES			
General government	150,000	172,313	(22,313)
Public works	197,000	-	197,000
Culture and recreation	350,000	154,649	195,351
Total expenditures	<u>697,000</u>	<u>326,962</u>	<u>370,038</u>
EXCESS (DEFICIENCY) OF REVENUE			
OVER EXPENDITURES	<u>(441,000)</u>	<u>184,328</u>	<u>625,328</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(64,178)	(64,178)
Total other financing sources (uses)	<u>-</u>	<u>(64,178)</u>	<u>(64,178)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER			
EXPENDITURES AND OTHER FINANCING			
SOURCES (USES)	<u>(441,000)</u>	<u>120,150</u>	<u>561,150</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,544,998</u>	<u>1,544,998</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,103,998</u>	<u>\$ 1,665,148</u>	<u>\$ 561,150</u>

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
December 31, 2003

	<u>Amanda Pines Estates</u>	<u>Rolling Hills</u>	<u>Chaparral Valley</u>	<u>Total</u>
ASSETS				
Cash and investments with Treasurer	<u>\$ 51,471</u>	<u>\$ 75,866</u>	<u>\$ 302,525</u>	<u>\$ 429,862</u>
TOTAL ASSETS	<u><u>\$ 51,471</u></u>	<u><u>\$ 75,866</u></u>	<u><u>\$ 302,525</u></u>	<u><u>\$ 429,862</u></u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Warrants payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,197</u>	<u>\$ 9,197</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>9,197</u>	<u>9,197</u>
FUND BALANCE				
Reserved	<u>51,471</u>	<u>75,866</u>	<u>293,328</u>	<u>420,665</u>
Total fund balance	<u>51,471</u>	<u>75,866</u>	<u>293,328</u>	<u>420,665</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 51,471</u></u>	<u><u>\$ 75,866</u></u>	<u><u>\$ 302,525</u></u>	<u><u>\$ 429,862</u></u>

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ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended December 31, 2003

	<u>Amanda Pines Estates</u>	<u>Rolling Hills</u>	<u>Chaparral Valley</u>	<u>Total</u>
REVENUE				
Taxes	\$ 23,545	\$ 26,484	\$ 64,264	\$ 114,293
Miscellaneous	31,027	31,686	37,101	99,814
Total revenue	<u>54,572</u>	<u>58,170</u>	<u>101,365</u>	<u>214,107</u>
EXPENDITURES				
Public works	-	-	119,110	119,110
Debt service	51,810	12,964	10,125	74,899
Total expenditures	<u>51,810</u>	<u>12,964</u>	<u>129,235</u>	<u>194,009</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>2,762</u>	<u>45,206</u>	<u>(27,870)</u>	<u>20,098</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	350,000	350,000
Bond issuance costs	-	-	(41,529)	(41,529)
Total other financing sources	<u>-</u>	<u>-</u>	<u>308,471</u>	<u>308,471</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES	2,762	45,206	280,601	328,569
FUND BALANCE - BEGINNING OF YEAR	<u>48,709</u>	<u>30,660</u>	<u>12,727</u>	<u>92,096</u>
FUND BALANCE - END OF YEAR	<u>\$ 51,471</u>	<u>\$ 75,866</u>	<u>\$ 293,328</u>	<u>\$ 420,665</u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended December 31, 2003

	Amanda Pines Estates		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Taxes	\$ 33,936	\$ 23,545	\$ (10,391)
Miscellaneous	-	31,027	31,027
Total revenue	<u>33,936</u>	<u>54,572</u>	<u>20,636</u>
EXPENDITURES			
Public works	-	-	-
Debt service	33,936	51,810	(17,874)
Total expenditures	<u>33,936</u>	<u>51,810</u>	<u>(17,874)</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>-</u>	<u>2,762</u>	<u>2,762</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Bond issuance fees	-	-	-
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,762</u>	<u>2,762</u>
FUND BALANCE - BEGINNING OF YEAR	<u>48,709</u>	<u>48,709</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 48,709</u>	<u>\$ 51,471</u>	<u>\$ 2,762</u>

Rolling Hills			Chaparral Valley		
Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 22,714	\$ 26,484	\$ 3,770	\$ -	\$ 64,264	\$ 64,264
-	31,686	31,686	-	37,101	37,101
22,714	58,170	35,456	-	101,365	101,365
-	-	-	350,000	119,110	230,890
22,714	12,964	9,750	-	10,125	(10,125)
22,714	12,964	9,750	350,000	129,235	220,765
-	45,206	45,206	(350,000)	(27,870)	322,130
-	-	-	350,000	350,000	-
-	-	-	-	(41,529)	(41,529)
-	-	-	-	-	-
-	-	-	350,000	308,471	(41,529)
-	45,206	45,206	-	280,601	280,601
30,660	30,660	-	12,727	12,727	-
\$ 30,660	\$ 75,866	\$ 45,206	\$ 12,727	\$ 293,328	\$ 280,601

(Continued)

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS

Year Ended December 31, 2003

(Continued)

	Totals		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Taxes	\$ 56,650	\$ 114,293	\$ 57,643
Miscellaneous	-	99,814	99,814
Total revenue	<u>56,650</u>	<u>214,107</u>	<u>157,457</u>
EXPENDITURES			
Public works	350,000	119,110	230,890
Debt service	56,650	74,899	(18,249)
Total expenditures	<u>406,650</u>	<u>194,009</u>	<u>212,641</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(350,000)</u>	<u>20,098</u>	<u>370,098</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	350,000	350,000	-
Bond issuance fees	-	(41,529)	(41,529)
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>350,000</u>	<u>308,471</u>	<u>(41,529)</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-	328,569	328,569
FUND BALANCE - BEGINNING OF YEAR	<u>92,096</u>	<u>92,096</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 92,096</u>	<u>\$ 420,665</u>	<u>\$ 328,569</u>

ELBERT COUNTY, COLORADO
SPECIAL REVENUE FUNDS
SOCIAL SERVICES FUND
SCHEDULE OF REVENUE AND EXPENDITURES
Year Ended December 31, 2003

REVENUE

Taxes

Property taxes	\$ 472,900
Miscellaneous	3,004
	<u>475,904</u>

Intergovernmental

Administration	70,188
Child Care	6,804
Child Welfare	281,407
Colorado Works	45,747
Colorado Works Incentives	5,700
Core Services administration	54,249
IV-E Funds	15,318
LEAP administration	3,409
OAP	2,772
Title IV-D Incentives: Child support	17,246
Miscellaneous	16,182
Total intergovernmental revenue	<u>519,022</u>
Total revenue	<u><u>\$ 994,926</u></u>

EXPENDITURES

Public health and welfare

Aid to Needy Disabled	\$ 871
Case Services	900
Child Care administration	18,535
Child Support administration	16,278
Child Welfare administration	480,723
Colorado Works administration	66,482
Core Services administration	54,037
County administration	100,413
General Assistance	236
Home Care Assistance	88
IV-E Funds	15,318
LEAP administration	3,409
Old Age Pension	2,772
Total public health and welfare expenditures	<u><u>\$ 760,062</u></u>

**ELBERT COUNTY, COLORADO
SPECIAL REVENUE FUNDS
SOCIAL SERVICES FUND**

**SCHEDULE OF EBT AUTHORIZATIONS, WARRANT EXPENDITURES AND TOTAL EXPENDITURES
Year Ended December 31, 2003**

Program	County EBT Authorizations	County Share of Authorizations	Expenditures by County Warrant	County EBT Authorizations Plus Expenditures by County Warrant	Total Expenditures
Aid to Needy Disabled	\$ 4,353	\$ 871	\$ -	\$ 4,353	\$ 871
Case Services	-	-	900	900	900
Child Care					
Admin	-	-	8,505	8,505	8,505
EBT/MOE	97,486	10,030	-	97,486	10,030
Total Child Care	97,486	10,030	8,505	105,991	18,535
Child Support					
Admin	-	-	16,278	16,278	16,278
Child Welfare					
Admin 100%	-	-	56,830	56,830	56,830
Admin 80%	-	-	335,159	335,159	335,159
CHRP	27,949	6,752	-	27,949	6,752
RTC	198,742	15,120	-	198,742	15,120
Out of home	187,432	45,557	-	187,432	45,557
Child care	6,900	1,380	110	7,010	1,490
Sub-Adopt	9,075	1,815	-	9,075	1,815
TANF Transfer	-	-	18,000	18,000	18,000
Total Child Welfare	430,098	70,624	410,099	840,197	480,723
Colorado Works					
Admin	-	-	55,819	55,819	55,819
EBT	82,380	10,663	-	82,380	10,663
Total Colorado Works	82,380	10,663	55,819	138,199	66,482
Core Services	-	-	54,037	54,037	54,037
Administration					
County	-	-	100,413	100,413	100,413
Food Assistance	368,713	-	-	368,713	-
General Assistance	-	-	236	236	236
Home Care Assistance	1,760	88	-	1,760	88
IV-E Funds	-	-	15,318	15,318	15,318
LEAP					
Admin/EBT	104,729	-	3,409	108,138	3,409
Old Age Pension					
Admin	-	-	2,772	2,772	2,772
EBT	41,052	-	-	41,052	-
Total Old Age Pension	41,052	-	2,772	43,824	2,772
Total	\$ 1,130,571	\$ 92,276	\$ 667,786	\$ 1,798,357	\$ 760,062

ELBERT COUNTY, COLORADO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
Year Ended December 31, 2003

	<u>Balance January 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2003</u>
ASSETS				
Cash - Treasurer	\$ 922,546	\$ 22,473,675	\$ (22,385,391)	\$ 1,010,830
Cash - Public Trustee	103,460	3,329,837	(3,307,891)	125,406
TOTAL ASSETS	<u>\$ 1,026,006</u>	<u>\$ 25,803,512</u>	<u>\$ (25,693,282)</u>	<u>\$ 1,136,236</u>
LIABILITIES				
Due to other governments	\$ 849,049	\$ 22,473,602	\$ (22,322,321)	\$ 1,000,330
Other liabilities	73,497	73	(63,070)	10,500
Escrow deposits held by Public Trustee	103,460	3,329,837	(3,307,891)	125,406
TOTAL LIABILITIES	<u>\$ 1,026,006</u>	<u>\$ 25,803,512</u>	<u>\$ (25,693,282)</u>	<u>\$ 1,136,236</u>

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**REPORTS REQUIRED BY
THE SINGLE AUDIT ACT AMENDMENTS OF 1996**

ELBERT COUNTY, COLORADO
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
Year Ended December 31, 2003

Federal Grantor/Pass-Through Grantor/Program Title	CFDA No.	Expenditures
U.S. Department of Agriculture		
Passed through Colorado Department of Human Services		
Food Stamps	10.551	\$ 368,713
Food Assistance Administration	10.561	13,646
Total U.S. Department of Agriculture		<u>382,359</u>
U.S. Department of Health and Human Services		
Passed through Colorado Department of Human Services		
Temporary Assistance for Needy Families (TANF)	93.558	114,351
Title IV-D-Child Support Enforcement	93.563	15,416
Title XIX - Medical Assistance Program	93.778	126,736
Low Income Home Energy Assistance	93.568	108,138
Child Care and Development Fund	93.596	36,725
Child Care and Development Fund - Discretionary	93.575	35,292
Title IV-B-Child Welfare Services	93.645	9,719
Title IV-E-Foster Care	93.658	111,839
Title XX - Social Services Block Grant	93.667	72,278
Title IV-E - Adoption	93.659	14,066
Passed through Colorado Department of Public Health		
Title XIX - Medical Assistance Program	93.778	1,572
Childhood Immunization	93.268	10,461
Family Planning Services	93.217	16,659
Maternal and Child Health	93.110	569
Investigations and Technical Assistance	93.283	45,588
Preventive Health Services -STD's	93.977	570
Maternal and Child Health - Block Grant	93.994	1,406
Total U.S. Department of Health and Human Services		<u>721,384</u>
U.S. Environmental Protection Agency		
Passed through the Colorado Department of Public Health		
Air Pollution Control	66.606	<u>5,561</u>
Federal Emergency Management Agency		
Passed through the Colorado Department of Local Affairs		
Emergency Management Performance Grant	83.552	<u>66,057</u>
Department of Justice		
Colorado Department of Safety		
Domestic Preparedness Grant	16.007	<u>78,405</u>
Total Federal Financial Assistance		<u>\$ 1,253,767</u>

ELBERT COUNTY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended December 31, 2003

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Elbert County, Colorado and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

NOTE 2 - ELECTRONIC BENEFIT TRANSFERS

Elbert County is using the State of Colorado electronic benefit transfer system. Benefits received by participants in the food stamp and TANF programs are electronically made to the participants using an EBT card by the Colorado Department of Human Services. No funds are received by the County. The Schedule of Expenditures of Federal Awards reflects the participants benefits, based upon information provided to the County, by the Colorado Department of Human Services.

NOTE 3 - SUBRECIPIENTS

No Federal Awards were passed through to subrecipients for the year ended December 31, 2003.

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BONDI & Co. LLC

CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT CONSULTANTS

44 INVERNESS DRIVE EAST
ENGLEWOOD, COLORADO 80112

www.bondico.com

(303) 799-6826 PHONE
(800) 250-9083 TOLL-FREE

(303) 799-6926 FAX

**Board of County Commissioners
Elbert County, Colorado**

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

We have audited the financial statements of Elbert County, Colorado, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 25, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Elbert County, Colorado's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to the management of Elbert County, Colorado in a separate letter dated June 25, 2004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elbert County, Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was



**Board of County Commissioners
Elbert County, Colorado**

not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and the Board and is not intended to be and should not be used by anyone other than these specified parties.

June 25, 2004


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MANAGEMENT CONSULTANTS

44 INVERNESS DRIVE EAST
ENGLEWOOD, COLORADO 80112

www.bondico.com

(303) 799-6826 PHONE
(800) 250-9083 TOLL-FREE

(303) 799-6926 FAX

Board of County Commissioners
Elbert County, Colorado

**Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Elbert County, Colorado, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2003. Elbert County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of Elbert County, Colorado's management. Our responsibility is to express an opinion on Elbert County, Colorado's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Elbert County, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Elbert County, Colorado's compliance with those requirements.



**Board of County Commissioners
Elbert County, Colorado**

In our opinion, Elbert County, Colorado complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2003. However, the results of our auditing procedures disclosed one instance of noncompliance which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 03-01.


Internal Control Over Compliance

The management of Elbert County, Colorado is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Elbert County, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants, caused by fraud or error that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

June 25, 2004


BONDI & Co. LLC

ELBERT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2003

Section I - Summary of Auditors' Results

Financial Statements

- (i) **An unqualified opinion was issued on Elbert County, Colorado's basic financial statements.**
- (ii) **The audit disclosed no instances of noncompliance that are identified as a material weakness.**
- (iii) **The audit disclosed no instances of noncompliance that are identified as a reportable condition.**
- (iv) **The audit disclosed no instances of noncompliance that are material to the basic financial statements of Elbert County, Colorado.**

Federal Awards

- (i) **The audit disclosed no instances of noncompliance that are identified as a material weakness over Elbert County, Colorado's major federal programs.**
- (ii) **The audit disclosed no instances of noncompliance that are identified as a reportable condition over Elbert County, Colorado's major federal programs.**
- (iii) **The independent auditors' report on compliance for the major federal award programs of Elbert County, Colorado expresses an unqualified opinion.**
- (iv) **There is one finding relative to the major federal award programs for Elbert County, Colorado were required to be reported in accordance with Section 510(a) of Office of Management and Budget Circular A-133.**

Major Programs/Other Information

- (i) **Major federal programs of Elbert County, Colorado: (1) U.S. Department of Agriculture, Food Stamps, CFDA #10.551 and Administrative Matching Grants for Food Stamp Program CFDA #10.561 (2) U.S. Department of Transportation, Airport Improvement Program, CFDA #20.106 (3) U.S. Department of Transportation, Highway Planning and Construction, CFDA #20.205 (4) U.S. Department of Transportation, Passenger Facility Charges.**
- (ii) **The dollar threshold used to distinguish between Type A and Type B programs: \$300,000.**
- (iii) **Elbert County, Colorado qualified as a low risk auditee.**

ELBERT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2003

Section II - Financial Statement Findings

There were no findings relating to the audit of Elbert County, Colorado's basic financial statements that are required to be reported under *Generally Accepted Government Auditing Standards*.

ELBERT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2003

Section III - Federal Award Findings and Questioned Costs

Finding 03-01

Foster Care

CFDA Number: 93-658

For one client tested, the permanency hearing was not held within the required timeframes. The permanency hearing was held in 2001. Since that date no court records were maintained as documentation in the file.

County Response:

ECDSS has hired a new County Attorney, Linda Arnold, who has since corrected this case. The juvenile was returned home to his parents and re-entered care in August 2003. All documentation to date has been corrected. This child's placement continues to be reviewed by the Court and the State Administrative Review Division every six months.

ELBERT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended December 31, 2003

Section IV – Prior Year Federal Award Findings and Questioned Costs

Finding 02-01

Elbert County does not have a system in place to accumulate all amounts of federal financial assistance received. As a result, the schedule of federal financial assistance for the year ended December 31, 2002 may not be complete.

For the year ended December 31, 2003, the County retained a consultant to help prepare the financial statements including the schedule of federal awards.

OTHER SCHEDULES

ELBERT COUNTY, COLORADO
SCHEDULE OF DEBT SERVICE REUIREMENTS TO MATURITY
December 31, 2003

Principal and Interest Due in the Year Ending December 31,	<p style="text-align: center;">\$364,800 Capital Lease Dated February 15, 2000 with Principal and Interest of 6.30% Due Quarterly on February 15, May 15 August 15 and November 15</p>		
	Principal	Interest	Total
2004	\$ 81,077	\$ 3,217	\$ 84,294
2005	-	-	-
2006	-	-	-
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
Totals	<u>\$ 81,077</u>	<u>\$ 3,217</u>	<u>\$ 84,294</u>

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ELBERT COUNTY, COLORADO
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2003
(Continued)

Principal and Interest Due in the Year Ending December 31,	<p style="text-align: center;">\$173,850 Capital Lease Dated September 10, 2000 with Principal and Interest of 5.75% Due Quarterly on March 10, June 10, September 10 and December 10</p>		
	Principal	Interest	Total
2004	\$ 34,000	\$ 324	\$ 34,324
2005	-	-	-
2006	-	-	-
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
Totals	<u>\$ 34,000</u>	<u>\$ 324</u>	<u>\$ 34,324</u>

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ELBERT COUNTY, COLORADO
SCHEDULE OF DEBT SERVICE REUIREMENTS TO MATURITY
December 31, 2003
(Continued)

\$46,595

Capital Lease Dated April 5, 2002
with Principal and Interest of 4.00%
Due Annually on April 5

Principal and Interest Due in the Year Ending December 31,	Principal	Interest	Total
2004	\$ 15,523	\$ 1,267	\$ 16,790
2005	16,145	646	16,791
2006	-	-	-
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
Totals	\$ 31,668	\$ 1,913	\$ 33,581

Principal	Interest	Total
\$ 69,159	\$ 4,043	\$ 73,202
70,834	2,368	73,202
54,249	652	54,901
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ 194,242	\$ 7,063	\$ 201,305

Principal	Interest	Total
\$ -	\$ 7,245	\$ 7,245
15,126	7,245	22,371
15,996	6,375	22,371
16,915	5,456	22,371
17,888	4,483	22,371
18,917	3,454	22,371
20,004	2,367	22,371
21,154	1,216	22,370
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ 126,000	\$ 37,841	\$ 163,841

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ELBERT COUNTY, COLORADO
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2003
(Continued)

Principal and Interest Due in the Year Ending December 31,	\$175,000 Rolling Hills Acres Local Improvement District Special Assessment Bonds, Series 2002 Dated April 24, 2002 with Principal and Interest of 6.125% Due Annually on July 1		
	Principal	Interest	Total
2004	\$ -	\$ 10,719	\$ 10,719
2005	17,602	10,719	28,321
2006	18,680	9,641	28,321
2007	19,825	8,496	28,321
2008	21,039	7,282	28,321
2009	22,327	5,994	28,321
2010	23,695	4,626	28,321
2011	25,146	3,175	28,321
2012	26,686	1,634	28,320
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
Totals	<u>\$ 175,000</u>	<u>\$ 62,286</u>	<u>\$ 237,286</u>

\$350,000
Chaparral Valley 2 Local Improvement
District Special Assessment Bonds,
Series 2003 Dated January 10, 2003
with Principal and Interest of 6.00%
Due Annually on July 1

			Total		
Principal	Interest	Total	Principal	Interest	Total
\$ -	\$ 21,000	\$ 21,000	\$ 381,378	\$ 57,711	\$ 439,089
11,325	21,000	32,325	203,377	43,648	247,025
12,004	20,320	32,324	100,929	36,988	137,917
12,725	19,600	32,325	49,465	33,552	83,017
13,488	18,837	32,325	52,415	30,602	83,017
14,297	18,027	32,324	55,541	27,475	83,016
15,155	17,170	32,325	58,854	24,163	83,017
16,064	16,260	32,324	62,364	20,651	83,015
17,028	15,296	32,324	43,714	16,930	60,644
18,050	14,275	32,325	18,050	14,275	32,325
19,133	13,192	32,325	19,133	13,192	32,325
20,281	12,044	32,325	20,281	12,044	32,325
21,498	10,827	32,325	21,498	10,827	32,325
22,788	9,537	32,325	22,788	9,537	32,325
24,155	8,170	32,325	24,155	8,170	32,325
25,604	6,721	32,325	25,604	6,721	32,325
27,141	5,184	32,325	27,141	5,184	32,325
28,769	3,556	32,325	28,769	3,556	32,325
30,495	1,830	32,325	30,495	1,830	32,325
\$ 350,000	\$ 252,846	\$ 602,846	\$ 1,245,951	\$ 377,056	\$ 1,623,007

LOCAL HIGHWAY FINANCE REPORT	City or County: Elbert County
	YEAR ENDING : December 2003
This Information From The Records Of: Elbert County	Prepared By: Marilyn Sproch Phone: 719-541-2268

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	2,995,268
4. Miscellaneous local receipts (from page 2)	242,671
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	3,237,939
B. Private Contributions	
C. Receipts from State government (from page 2)	2,888,990
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	6,126,929

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	2,107,375
2. Maintenance:	1,021,629
3. Road and street services:	
a. Traffic control operations	35,154
b. Snow and ice removal	82,837
c. Other	86,750
d. Total (a. through c.)	204,741
4. General administration & miscellaneous	2,957,798
5. Highway law enforcement and safety	
6. Total (1 through 5)	6,291,543
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	6,291,543

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2003

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assesments	2,475,196	a. Interest on investments	
b. Other local imposts:		b. Other	242,671
1. Sales Taxes	1,320	c. Transfers	
2. Traffic Fines		d. Capital Credits	
3. Specific Ownership Tax	518,752	e. Sale of Assets	
		f. Fees/Licenses/Permits	
5. From Cities/Counties		g. Service Performed	
6. Total (1. through 5.)	520,072	h. Refunds of Expenditures	
c. Total (a. + b.)	2,995,268	i. Total (a. through h.)	242,671
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,775,289	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registration	113,701	d. Mineral Leasing	
d. (Specify)		e. Pay Lieu of Tax	
e. (Specify)		f. Other Federal	
f. Total (a. through e.)	113,701	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	2,888,990	3. Total (1. + 2.g)	
(Carry forward to page 1)		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). Capacity Improvements			0
(2). System Preservation	2,107,375		2,107,375
(3). Safety And Other			0
(4). Total Construction (1)+(2)+(3)	2,107,375	0	2,107,375
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	2,107,375	0	2,107,375
			(Carry forward to page 1)

Notes and Comments:

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